



2012 Budget Review

CITY COUNCIL

MINUTES
October 26, 2011
5:25 PM

COUNCIL MEMBERS PRESENT:

S. Marmarou, M. Goodman-Hinnershitz, F. Acosta, D. Sterner, V. Spencer, D. Reed, J. Waltman

OTHERS PRESENT:

L. Kelleher, C. Younger, C. Geffken, C. Zale, D. Cituk

Mr. Acosta called the Budget Review Meeting to order at 5:25 pm. He announced that he needs to leave for a short period of time to attend to a personal matter and that the Ms. Reed will be chairing the meeting until he returns.

I. Fire

Mr. Geffken explained the personnel additions to the Fire Department that will support the use of four (4) platoons (using 18+2 manning levels, rather than prior 22+4 manning levels used in the three (3) platoons system). He stated that the change in manning levels and platoon system was included in the new contract awarded through arbitration. He also noted that the addition of a new Lieutenant position will allow the expansion of the department's educational component and support the Pre-Sale Health and Safety Inspections.

Council had no questions or comments.

II. Budget Revisions

Mr. Zale reviewed the budget revision spreadsheet. He noted the reduction in the City's healthcare costs by \$578,628 and the addition of the PLCM Dues at \$35,000.

Mr. Geffken stated that eliminating the 20% property tax increase removes \$3,582,044 from the revenue area. This reduction is almost entirely covered by the refinancing of Gateway Building.

Mr. Waltman reminded Mr. Geffken of the discussion to increase the projected property tax collection rate. He stated that the projected collection rate is currently set at 86%. He suggested bumping that up to 90%.

Mr. Geffken stated that as of the end of September the County Treasurer collected 94% of the revenue expected (\$18,382,386), so increasing the rate to 90% is possible. Applying a 90% projected collection rate will increase revenues and cover the remaining gap.

Mr. Waltman also suggested retaining the current EIT rate for residents and commuters as the .02% reduction will cost the approximately City \$3M. He noted that next year employers are required to withhold the current municipal EIT rate. He also stated that the 2012 budget is built on some projections and suggested that losing the EIT now would be dangerous if those projections do not perform. He suggested a modest property tax reduction instead.

Council agreed in general with retaining the current EIT rate for one additional year.

Mr. Geffken noted PFM's position that the Recovery Plan requires the reduction in the EIT rate and that keeping the current rate would require a plan amendment. He stated that PFM is not willing to do a plan amendment until next year.

Mr. Waltman reminded everyone that the Plan said that there would not be a property tax increase until 2014; however, a 20% property tax occurred last year. He also noted other issues and actions that differ from the plan without an amendment to the plan.

Mr. Waltman noted the need for Council to consider locating funding to restore the police positions and provide \$100,000 for the Library. He noted that retaining the current EIT rate would create a small surplus.

Mr. Sterner inquired if the Police Overtime expense was reduced due to the new affiant program for police officers. Mr. Geffken stated that the Overtime expense was conservatively adjusted downward.

There was a discussion on the amendment of the Act 47 plan and the need for a conversation with PFM. Ms. Kelleher was asked to invite PFM to Saturday's meeting.

All members of Council agreed

III. Library

Mr. Geffken stated that last year the City contributed \$100,000 to the Library; however, the proposed budget does not include any Library contribution.

An email message written by Library Board member Paul Hoh was distributed.

Mr. Waltman recalled the City's agreement to contribute a minimum of \$100,000 annually, as per the Act 47 Recovery Plan. He stated that in 2009 the annual Library contribution of \$485,000 was severely reduced. He stressed the need to provide funding to the Library.

Ms. Goodman-Hinnershitz agreed as this reduction will affect the Library's contributions from the County and the State. She also stressed the need to do planning prior to further monetary reductions. Mr. Hatt stated that the City is expected to contribute \$2 per capita.

Mr. Sterner suggested applying a .02% Library Tax. He stated that if the City can collect a .02% tax for the Shade Tree program, then it should also provide consistent Library funding in the same manner. Mr. Geffken stated that this tax would generate \$239K for the Library annually.

Mr. Hatt and Mr. Schlegel noted that the County System's application to the State for district designation would reduce the State contribution to the City Library by \$274K; however, the responsibility to provide service would not be eliminated because the County does not employ reference librarians or have sufficient reference materials.

Mr. Hatt also stated that the City has the largest collection of materials in the County and the interlibrary loan program costs the City Library \$200K annually. He explained that the interlibrary loan program allows libraries to borrow materials.

Mr. Marmarou noted that the City alone carried the expense of the library system that serves County residents for over 100 years.

Ms. Reed inquired about the separation of the City and County systems.

Ms. Kelleher recalled that Mr. Hollinger explained the issue at a work group meeting several months ago. The explanation from Mr. Hollinger is copied in below

Mr. Hollinger provided background on how the current Library system came into place. He stated that a program development study in the 1950's was the basis for the system in place today. He stated that in the 1950's cities were financially secure and had large public library operations and benefactors like Carnegie. The system was built to provide city library services to every municipality within the County. In the late 1970's the need for smaller libraries in various outside municipalities began to occur due to the growing suburban population. This need occurred in about 50% of the Counties throughout the State. The Federated System and County System, each with its separate board and staff, also started at this time, which created a duplication of services.

Mr. Hollinger noted that the dramatic impact created by the change in information availability and technology needs, compared to that in the 1950's and 1970's, has altered the public's

demand for services. He added that the wide spread availability of internet services has also changed the demand for reference services.

Mr. Hollinger stated that the State completed a study five (5) years ago that will alter the services provided by libraries; however, the results only provide a "band-aide" not a long term solution. He stated that the State is now working to develop eight (8) geographical areas for a regional approach to District Centers. It is believed that this change will provide the best library services to those who use the library system. He stated that Berks, Lehigh and Northampton will become one regional District Center. He stated that the study of this regional model will continue. He added that this model will require an increase in the State's contribution.

Mr. Hatt stated that the Reading Public Library is one of the seven (7) oldest libraries in the nation. The Library was given in a trust to the City in the late 1890s. He stated that the Reading Public Library Board is currently made up of five (5) trustees appointed by the City, five (5) trustees from appointed by the County and five (5) trustees appointed by the Friends of the Library. He noted that some of the County seats are vacant.

Mr. Hatt stated that the various funding decreases by the City and State and the unwillingness of the County to increase their contribution has caused the reduction of library operational hours and the reorganization of staff using only some library professionals and part-time employees. He explained that the branch hours are staggered so the same individuals can rotate through all branches.

Mr. Hatt stated that further reductions in funding will end the City Library's participation in the interlibrary loan program. He noted that the small libraries around Berks County rely heavily on the City Library's collection of materials. He also stated that the only library in Berks County to have a fee based membership is Wyomissing.

Council again discussed the pros and cons of applying a library tax and all agreed that the majority of the property owners would agree to supplying a dedicated funding stream for library services.

IV. Other

Mr. Waltman recapped the discussion items for Saturday's meeting as follows:

- a. Collection rate of property tax
- b. EIT Rate
- c. Library Tax
- d. Police manning
- e. Act 47 Recovery Plan

The meeting adjourned at approximately 7:00 pm.

BUDGET FOLLOW-UP

1. Expenditures broken out by category (10-12) **Done – distributed at prior budget meeting**
2. Schedule Revenue Review Session (10-12) **completed**
3. Provide property owners with impact information (10-12) **Can be done via water bills in December or via an ad in the Eagle. Rate needs to be finalized first.**
4. Seek retention of the current EIT rates for residents and commuters, assigned to Mr. McMahon (10-15) **Contacted PFM to arrange meeting. PFM is busy in Harrisburg. They will contact next week.**
5. Use of Community Promotions and Travel Expense line items – Mayor and Council Budget (10-17)
6. Number of City issued cell phones and the list of employees who carry them (10-17) **In process, will provide at a future meeting.**
7. CSC Budget – reduce telephone expense by \$4,000 (10-17) **Agreed as put forth by Cindy Weidel.**
8. Review personnel additions to Fire Dept (10-19) **completed**
9. CDBG Action Plan – increase Codes funding by \$575K and move Emergency Demo to Gen Fund (10-19)
10. Inquire about how the Library will handle the impact re the loss of the City's \$175K contribution. (10-19) **completed**
11. Names and positions of all non-uniformed new hires and positions in 2010 and 2011. (10-19)
12. Amount of funding for Ricktown shade trees (10-19)
13. Review Police Longevity re the number of new officers (10-22)
14. Review Police Special Services Temporary Wages, Maintenance Repair Equipment and Contracted Services (10-22)
15. Review Police OT re reduction due to beginning of Affiant program beginning in 10 days (10-22) **completed**
16. Library Tax of .02% (10-26)

OTHER FOLLOW-UP

1. Ask Berks Catholic to maintain Yarnell park (10-12) **To be assigned to Charlie Jones.**
2. Identify Youth groups and other organizations to adopt parks and playgrounds (10-12) **Chuck has contract for community groups to maintain parks. I will ask him to distribute to Council.**
3. End to end discussion on housing area (10-15) **Agreed but let's get some successes under out belt to prove that we can plan and that we can succeed. None of us want to repeat 2007**
4. Educational flyer on Building and Trades Permits (10-15) **Ad for One Stop was placed in the paper to educate the public.**
5. Increase the penalties for illegal conversions and unpermitted projects. (10-15)
6. Schedule meeting with PFM to correct the breaks in the Recovery Plan, assigned to Mr. Geffken (10-15) **See 4. Above.**
7. Compare Job description and Responsibilities of the Diversity Officer (10-17) **In process.**

8. Consolidation of offices into the Customer Service Center (10-17) **Review of consolidation plan from last year's budget. Cindy and I will explain when requested.**
9. Renegotiate Maintenance Contracts, compare to maintenance agreements for last 3 years, compare original cost to current cost (10-17)
10. Schedule meeting with Attorney David MacMain re need to continue the Police Diversity Board and the Diversity Officer. **All maintenance contracts are negotiated with the vendor if it is sole source, i.e. Visionaire, or are the result of a competitive procurement, i.e. copiers. We will compile the list of vendors paid under the Maintenance Agreement budget line.**
11. Review financial benefits to tree harvesting program, assigned to the PW Committee (10-19)